

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Implementation of an  
Energy Conservation Program for Peoples  
Natural Gas Company, a Division of  
UtiliCorp United Inc.

ISSUE DATE: March 29, 1988

DOCKET NO. G-011/M-87-236

ORDER APPROVING NEW PROJECT,  
ACCEPTING COMPLIANCE FILINGS,  
AND REQUIRING EXPLANATORY  
FILINGS

PROCEDURAL HISTORY

On November 5, 1987 the Commission issued its ORDER APPROVING PEOPLES NATURAL GAS COMPANY'S CONSERVATION IMPROVEMENT PROGRAM AND REQUIRING NEW PROJECT AND INFORMATIONAL FILINGS in the above-captioned docket. That Order accepted the Company's Conservation Improvement Program, with one modification. The modification was a requirement that the Company develop and submit for Commission approval a conservation improvement project designed to benefit commercial class customers.

The Order also required the Company to file a description of the cost-effectiveness tests it proposed to use in evaluating its projects, to submit revised evaluation plans for all but two of its projects, and to develop a standard reporting system for use in monitoring the ongoing operation of its projects.

Finally, the Order required interim status reports on each of the Company's approved projects and a report on possible means of encouraging customers to implement conservation measures suggested in the Company's energy audits.

On December 4, January 4, and February 1, the Company made filings containing all the information required in the November 5 Order. The commercial class project the Company proposed was one to assist non-profit organizations with weatherization and furnace and water heater repair or replacement.

The Department of Public Service (DPS) examined the filings and recommended acceptance, with the following conditions: 1.) the Commission should urge the Company to continue its discussions

with the DPS on cost-effectiveness tests; 2.) the Commission should approve the new commercial project only on a one-year basis; 3.) the Commission should require a filing explaining how the Company proposes to determine which conservation measures to recommend to each commercial project participant; 4.) the Commission should require a filing explaining delays in the Rochester, Cannon Falls, Houston, and Mahube projects apparent from the interim status reports; 5.) the Commission should require a filing explaining an apparent \$8,141 expenditure on the Mahube and SEMCAC projects.

## FINDINGS AND CONCLUSIONS

### The New Commercial Class Project

For its commercial class conservation project, the Company proposed to provide financial assistance to non-profit organizations for weatherization services and for repair, tune-up, or replacement of furnaces and water heaters. The Company proposed to limit expenditures to \$1,500 per customer, while providing matching funds for individual customer projects with costs exceeding \$1,700. The Company would give priority to non-profits which owned their own property, but believed most non-profit customers would not fall into this category. For renters, the project would require the landlord to agree to a rent freeze of varying length, depending on the cost of the improvements, as a condition of eligibility. The Company proposed to fund the project for five years, at an annual level of \$15,000.

The Commission finds this project appropriate for inclusion in the Company's Conservation Improvement Program (CIP) and will approve it. It appears to be a carefully designed attempt to serve the commercial class while furthering the statutory goal of giving special consideration to the needs of renters and low income families and individuals. Minn. Stat. § 216B.241, subd. 2. (The Commission agrees with the Company that, of all commercial customers, non-profit organizations are probably the ones most likely to benefit renters and low income people.) The energy savings expected to result from the project are significant, and the projected balance of costs and savings suggests that the project will fall within currently accepted cost-effectiveness norms.

The Commission considers this project appropriate for further study as a potential model for other utilities' Conservation Improvement Programs. In part because of this, and in part because any new program should be evaluated before commitment of long term funding, the Commission will initially authorize the program for the 1987-88 CIP year only. The Commission agrees with the Company that any surplus funds resulting from under-utilization of its other CIP projects can and should be allocated to this one.

The Commission also agrees with the DPS that the Company should submit for Commission approval a proposed method for determining which conservation measures to recommend to individual project participants.

### Interim Status Reports

The Commission finds the Company's interim status reports adequate, helpful, and in compliance with the requirements of the November 5 Order. The Commission agrees with the DPS that the Company should explain why its Rochester, Cannon Falls, Houston, and Mahube projects are behind schedule and will so order. The Commission finds that the DPS's concern about the \$8,141 Mahube and SEMCAC expenditure was based on a misinterpretation of the filing and will not require further Company action in that regard.

#### Cost-effectiveness Studies

The Commission agrees with the DPS that cost-effectiveness methodologies and tests continue to merit further study, not just for this Company but industry-wide. The Commission will therefore direct that the Company continue to work on these issues with the DPS.

#### Other Compliance Issues

In all respects not treated above, the Commission finds the Company's December 4, January 4, and February 1 filings adequate and in compliance with the November 5 Order. They are accepted and approved.

### ORDER

1. The Commission approves the Company's proposed commercial class Conservation Improvement Program project.
2. Within 15 days of the date of this Order the Company shall file a description of the procedure it proposes to use in deciding which conservation measures to recommend to individual commercial project participants.

3. Within 15 days of the date of this Order the Company shall file an explanation for its Rochester, Cannon Falls, Houston, and Mahube projects being behind schedule.
4. The Company shall continue to work with the DPS in developing techniques for evaluating the cost-effectiveness of conservation improvement projects.
5. In all respects not treated above, the Company's filings of December 4, January 4, and February 1 are accepted and approved.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen  
Executive Secretary

(S E A L)